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Potentialities for regional port cooperation

Report by the UNCTAD secretariat

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FOREWORD

(i) The subject of cooperation between ports is a long-standing one in the meetings of the Intergovernmental Group of Experts on Ports. In effect, it has been considered in its own right, as one agenda item of the 1986 meeting, and in connection with other subjects such as technical assistance and training, management, administration and operation of ports, in the meetings of 1990 and 1993.

(ii) The UNCTAD secretariat submitted reports[1] on port cooperation at the meetings of 1986 and 1990. The first one was based on the direct experience of the secretariat in dealing with the working of regional and international associations, as well as with other agencies of the UN system concerned with ports. The second one presented the result of a worldwide survey conducted by the secretariat throughout its informal network of focal points, which include port authorities and regional and international port associations. The conclusions and recommendations of the meetings of 1986 and 1990 show that cooperation between ports is a well developed feature in the spheres of training, the exchange of local know-how, standardization of statistics and tariffs, and participation in the activities of regional and international port associations. It is also promoted by UNCTAD and other UN agencies active in the ports field.

(iii) However, cooperation between ports in other fields such as joint investments in equipment and infrastructure on a commercial basis was not reviewed, although it has been the subject of discussion in the meetings of port experts, notably in the light of globalization of trade and transport networks. In the meeting of 1993, it was agreed that, inter alia: "regional cooperation among ports has been achieved in some areas and proven to be useful. The Group recommends that UNCTAD identify and document where and in what form these cooperative efforts exist, the areas of activity covered and the value identified by the participants".[2]

(iv) More recently, the Standing Committee on Services considered a report[3] which gives an account of the existing institutional arrangements existing in the different regions to carry out cooperation in the economic field, including maritime transport. This was considered a first step in examining the potentialities for increased regional cooperation and improving the circulation of information amongst ports, as decided upon by the Standing Committee at its first session. The present report examines the potentialities for regional cooperation in the ports field, taking into consideration the trend towards cooperation on a commercial basis.

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[1] *Cooperation between ports*, TD/B/C.4/AC.7/4, December 1985, and *Cooperation among ports in developing countries*, TD/B/C.4/AC.7/8, April 1990.

[2] *Report of the Intergovernmental Group of Experts on Ports*, TD/B/CN.4/28, November 1993, Annex I, para.6.

[3] *Cooperation among developing countries in the field of shipping, ports and multimodal transport*, UNCTAD/SDD/SHIP/1, January 1994.

I. COOPERATION IN THE PORTS FIELD

A. Background

1. The word "cooperation" is a generic expression to describe joint activities carried out by at least two parties who are **reciprocally committed**. Each party commits resources such as financial resources, know-how or time, etc. and draws advantages from the cooperation such as financial savings, improvement in quality of services, increased market share, etc. **Cooperation is a "win-win" deal** for all parties involved.

2. Cooperation between two private terminal operators and the Government of Mozambique in the port of Maputo illustrates how cooperation provides gains to each party. Mozambique was ravaged by war for many years. Today, as the country enters a phase of reconstruction and rehabilitation, the needs in terms of rehabilitation of infrastructure, port equipment and modern management are huge in comparison to the resources available. Through cooperation, the private operators provide know-how, financial resources, managerial capabilities, etc. The country ensures that the private operators have a friendly environment such as security within the port, an appropriate legal framework, etc. The advantage for the port of Maputo is an improvement in the efficiency of port operations which benefits the national economy. The advantage for the private operators is that they are able to penetrate a new area of the southern African market. For the operators, this is a long-term investment.

3. Other words such as partnership, alliance and strategic alliance are used to describe cooperation more precisely. The word **partnership** implies stronger ties because of the existence of a contract and the commercial stakes involved. The word **alliance** is a less binding category of partnership and is based on a "gentlemen's agreement" concluded for the long term - at least 10 years - in which parties agree to cooperate according to certain principles defined in the agreement. The "gentlemen's agreement" states the objectives and scope of cooperation but the activities are to be identified during the period of cooperation. An "alliance" is a flexible agreement, whereas a partnership requires the drawing-up of a contract which defines precisely the object of cooperation, duration, rights and duties, etc. An alliance is said to be **strategic** when the parties seek to gain competitive advantages on the market through cooperation. The advantages range from a larger share of the market to an improvement in quality of services, through pooling of resources, etc. The well known consortias in container shipping are examples of alliances.

4. Parties undertaking cooperation often come from the same region. Traditionally a region is defined as a group of countries in the same geographic area. The relevance of this definition is weakened as trade becomes globalized and liberalized. In certain parts of the world, Customs barriers are being eliminated, import taxes lowered and regulations simplified to authorize totally or partially free circulation of cargo, capital, persons, etc. Thus, a common geographic area may not be the most relevant element in defining a region. A more appropriate definition could refer to a number of countries or parts of countries which share **common economic and perhaps cultural interests**. For example, the so-called "Arc Atlantic" region includes ports and their hinterland on the Atlantic range of Portugal, Spain, France, Ireland and the United Kingdom but not these countries as a whole. The economic interests of a French port like Le Havre located on the Channel are different from those of a port like Marseilles located in the Mediterranean, even if both ports come under the umbrella of the same French port administration and abide by the same rules and regulations. Cooperation is therefore likely to take place between parties in different countries but not between the countries in their entirety. This is an enlarged concept of a ports range.

5. Globalization of trade goes along with the emergence of **regional trade blocks** such as Asia, Europe,

North America and Africa and subregions like South-East Asia, the Indian subcontinent, North Africa, the Middle East, Central and Eastern Europe, Southern Europe, etc.[4] The intensity of trade links between countries in the trade block also creates a region. This is particularly relevant in the shipping industry, as several leading shipping companies have already adopted an organizational structure based on the regional concept. They have opened regional headquarters in each of the main commercial regions and designated one or two main ports in each region.

6. Lastly, another way to define a region can be based on the **level of development** according to statistical classification of the United Nations or other international organizations. For example, UNCTAD, in its "Review of maritime transport", differentiates developed market economy countries, countries of Central and Eastern Europe, socialist countries of Asia and developing countries and territories; the latter include 10 subregions. Several criteria are used, such as per capita income level, geographical location, functioning of the economy (centralized, market), etc.

B. Cooperation in the ports field

7. Cooperation between ports is an all-embracing term to describe cooperation between specific parties which are involved in port activities. Cooperation may be found within a port, a country or a region or between regions. For instance, an Antwerp-based association, which groups all professional port associations of the port, recently launched a project to open new block-train railway services to French, Italian and German destinations. Cooperation with a country occurs when the relevant ministry(ies), the port companies and a group of companies grouped into a port **association** cooperate. Two countries within a region, i.e. the respective transport ministries, may also cooperate in the field of ports as is occurring with Dakar, Abidjan, Lomé, Cotonou, Douala and Pointe Noire, which are ports in West Africa where States have signed agreements with land-locked countries on transit corridors and use of ports.[5] Port state control is another example where governments regulate ships and crews by inspecting a certain percentage of ships calling at their ports. Port community associations may also promote cooperation on a regional basis.

8. Moreover, cooperation can occur within a port between the **port authority** and the **port's operators**, such as stevedoring companies, terminal operators and so on. Such operators also include those governmental and **quasi-governmental bodies**, such as Customs, health control, export promotion agencies, etc., and **other commercial parties**, such as manufacturers of equipment, consultant and construction companies specialized in marine works and manufacturers or major shippers who have established businesses in the port area. **Transport operators** are another group of companies that cooperate in the port industry.

9. A basic distinction can be made between these parties by allocating them either to the **public** or the **private** sector. However, the border line between the public and the private sector changes from country to country and may also change within a country over the years. Nowadays, in most countries a port authority's activities are limited to regulation and policy, port development, operations coordination, etc. The port authority, whose overseeing body is a state or region or city, usually belongs to the public sector. Port operators such as stevedoring companies and towage companies, and also port agents, whether

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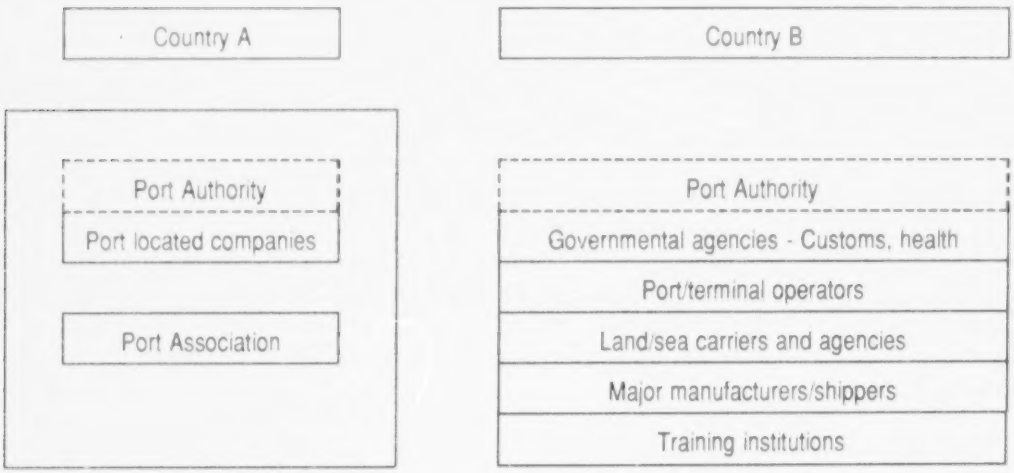
[4] The development of large economic spaces and their impact on developing countries are discussed in the UNCTAD report *Implications of the dynamism of large economic spaces: Major new developments in large economic spaces and regional integration processes and their implications*, TD/B/SEM.1/2, September 1995.

[5] *Transit transport systems in West and Central Africa: issues, actions and constraints*, report prepared by Kodjo Evlo, UNCTAD/LDC/94, February 1995.

shipping or customs agents, etc, are in the private sector in many countries today, although in the past they could be in either the public or the private sector. Equipment manufacturers are mostly in the private sector, although in a few countries they are an important part of the industrial public sector.

10. The cooperation reported in the previously mentioned UNCTAD reports refers mostly to that carried out between port authorities belonging to different countries and to a lesser extent between private sector port operators and other entities operating in the port. An assessment of cooperation needs to take into account the objectives of port authorities, as well as the objectives of private operators. As port authorities turn into landlords and thus the share of private activities in the port increases, cooperation in the port tends to be commercially oriented. Whereas a port authority pursued the objective of serving and fostering trade and, when publicly owned, sometimes added the objective of contributing to the socio-economic development of a region, the objective of a commercial/private port operator is to obtain a profit from the port's activities. Nevertheless, in a few countries there are operators, who, together with a port authority, also pursue a developmental objective.

Figure 1
Potential combinations for cooperation



Source: UNCTAD secretariat

C. Types of cooperation

1. Institutional cooperation

11. Cooperation in ports can be grouped into three main types: institutional, industrial and commercial. The institutional type occurs when a group of countries that share common interests create dedicated regional institutions, such as the European Union (EU), the North American Free Trade Agreement (NAFTA), the Association of South-East Asian Nations (ASEAN), the Organization of African Unity (OAU), the Southern Cone Common Market (MERCOSUR), etc. Although some of these organizations may deal exclusively with trade matters, others have the more ambitious objective of promoting development through activities which may include ports. Some regional institutions deal specifically with shipping matters, such as the Maritime Transport Commission for Central America (COCATRAM), the

Ministerial Conference of West and Central African States on Maritime Transport (MINCOMAR), etc. In this type of cooperation, agreements are signed also by governments to adopt common principles and actions on shipping issues. This is the case, for instance, of memoranda of agreement on "port state control" to ensure that vessels and crews meet international standards. Another example concerns the creation of regional networks for preparedness and cooperation of port authorities in respect of oil pollution and compensation for oil spills.

12. Substantial port activities may result from the institutional type of cooperation. For instance, the European Union is working towards a seaport policy within the framework of a "European transport network" based on the "proposal that there should be a single multimodal network which serves the internal market and binds the various parts of the Union more closely together and to our neighbours".[6] Secondly, the European Union supports specific port programmes with various objectives such as regional development, socio-economic cohesion, etc. For example, some Irish ports have benefited from EU funds to upgrade their facilities. More importantly, some Community law may supersede the national law of member countries. Although no specific legislation relevant to the port industry has been adopted by the European Union and only the common principles on fair competition and access to the market apply,[7] the decisions made by the European Community[8] to maintain the competition between transport operators can affect the operation of ports. Further, UN conventions, such as the London Dumping Convention (1975), have profound implications on dredging activities.

13. There is another important example of regional institutional cooperation, namely the enforcement of international conventions through "port state control" agreements. In 1982, fourteen European countries[9] agreed to establish a harmonized system of port state control, resulting in the signing in Paris of the Memorandum of Understanding on Port State Control. Poland and Canada joined in 1992 and 1994 respectively. A Latin American Agreement was signed in 1992 by 10 countries[10] which applies the same instruments as the Paris Memorandum of Understanding, except for ILO Convention 147. Also an Asia-Pacific Agreement was signed in Tokyo in 1993 by 18 countries and territories[11] (12 countries had ratified this agreement at the beginning of 1995). Twenty-two countries and territories in the Caribbean were likely to sign a Caribbean Memorandum of Understanding at the end of 1995, and a Southern/Eastern Mediterranean regional Memorandum of Understanding is also under consideration. Although port authorities are not directly involved in inspection and monitoring, these activities can affect the functioning of the port.

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[6] "The Kinnock Interview - Part II", *Port Development International*, September 1995, p. 49.

[7] *Experience of countries members of the European Communities in developing co-operation in the field of maritime transport*, UNCTAD/SHIP/624, April 1989.

[8] "Ports and the EC competition law", *Ports and Harbours*, February 1995, pages 253-259.

[9] Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom.

[10] Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Peru, Uruguay, Venezuela.

[11] Australia, Canada, China, Fiji, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Republic of Korea, Russian Federation, Singapore, Solomon Islands, Thailand, Vanuatu, Viet Nam.

2. Industrial cooperation

14. Cooperation on an industrial basis is another type of cooperation. A ports association which regroups port authorities, port operators and port-related firms is a typical example of cooperation on an industry basis. The cooperation activities aim primarily at promoting port activities on a non-profit-making basis. The exchange of ideas and information is the main activity. There may sometimes be cooperation on operations, but the objective is simply to make a profit without rationalizing the resources of the cooperating parties. Port associations can be classified into three types:

(i) International associations, with the main one being the International Association of Ports and Harbors (IAPH);
(ii) Regional associations (Port Management Association of West and Central Africa (PMAWCA); Port Management Association of Eastern and Southern Africa (PMAESA); etc.);
(iii) Technical associations dealing with subjects such as legislation (International Association of Port Jurists (LEGIPORT)), engineering (Permanent International Association of Navigation Congresses (PIANC), relations between cities and ports (International Association Cities and Ports) or cargo handling (International Cargo Handling Co-ordination Association (ICHCA)).

15. Port associations assist in creating a sound environment for port business. The membership of associations ranges from port authorities to individuals and includes corporations in port services and training centres. Port authorities, which mostly remain under the umbrella of public bodies, are the main members of associations. The participation of private corporations should be encouraged to reflect their increasing contribution to the activities of the port industry. In Europe, one port association, the Federation of European Private Port Operators (FEPORT), has recently been created to promote the specific views of private operators. Activities of port associations have already been reviewed in previous reports. An **updated list of major port associations** with names, addresses and fax numbers is provided in annex I. In that connection, several new associations have been created, including the International Association Cities and Ports, the European Sea Ports Organisation (ESPO), FEPORT and the Baltic Ports Organization (BPO).

16. For associations, decisions and actions are based on consensus of the port members. Members' consent is obtained "ex-ante" when they adopt the statutes and/or constitution of the association, which contain a description of objectives (annex II lists the members and objectives of associations). Membership of an association is often formalized through the payment of a fee used for its functioning. Port associations are a valuable device for cooperation. They work on a non-profit-making basis only in the interests of their members, and they provide a forum where ideas can be exchanged freely and policy formulated.

17. The scope of activities carried out by an association's secretariat depends on a number of factors:

(i) The financial resources of the association, which depend on membership fees. The secretariat can be constituted from casual employees with a volunteer Secretary-General or it can be a structured organization consisting of a dozen employees paid by the association;

(ii) The quality of the executive of the association (President, Secretary-General);

(iii) The commitment of the members participating in the general meeting but also contributing to the work of the working groups. Most associations have created working groups which bring together experts in their field to review issues, sometimes regional issues, that they face in their activities. These working groups' role is to examine a problem, to find a solution and to make

a recommendation at the general assembly of the members.

18. Associations have common features. Most of them produce a **Newsletter** and publish an annual **Port Directory** to be used by members and also by third parties. **An annual meeting**, hosted by one of the members, is organized. But the activities of associations may vary. When the secretariat is large, the association carries out **surveys** of activities, management salaries, etc., as well as **studies** on behalf of the members. The choice of topic is based on an assessment of members' needs. The secretariat can attend meetings related to ports issues, diffuse information through a **documentation service**, **promote** the port industry using different tools such as participation by the secretariat at seminars, port congresses, etc.. The secretariat can also organize **training**, arrange financing of activities, etc..

19. **Updated information** on port issues is not easy to find unless one is directly involved or attends the periodic meetings of the international organizations monitoring the implementation of conventions. Regional and international associations fill a need by sending a representative to these gatherings and then reporting to the membership on developments. These associations also invite key officials to report on these issues so that the membership can put forward queries directly. Finally, they also allow free and informal contact between members, which provides an effective way to help in the decision-making process. Further, it is well known that **information of a commercial nature** is also important. Actual performance of equipment, its costs, shipping intelligence, possibilities for insurance, new equipment to combat crime, etc., are also relevant subjects which are discussed informally in meetings of associations.

20. Associations are often **valuable relays between institutions and professionals**. The relationships between associations and institutions are more or less formalized. Some associations act as the secretariat of intergovernmental institutions for port matters, for instance the Association of Port Enterprises of the Central American Isthmus (REPICA) for COCATRAM, PMAWCA for MINCOMAR, etc. Other associations, such as ESPO, have developed close relations with the European Union and participate in forums and working groups organized by the European Union. UNCTAD and other UN organizations grant the status of observer or consultative body to port associations, and this enables these associations to take part in the meetings on ports. For instance, the concern of the public for the environment has been affecting ports for many years, notably in connection with the vital activity of dredging, and associations contribute to the objectives of port authorities in connection with this issue by lobbying governments and international organizations on environmental legislation.

21. Associations have also provided **useful help to port authorities in facing problems** of a wider nature, namely the rehabilitation of old sections of the port area which have become obsolete due to new technologies and which normally revert to the city or government. In this case, port authorities are confronted by city, regional or national authorities. The issues involved are of importance to the electorate, and mishandling the matter could have far-reaching consequences for the future of the port. Consequently, port authorities are now participating in a new association, International Association Cities and Ports, in which they can compare solutions and exchange views from the broader perspective of port, city and regional planners. The aim is to find solutions for the rehabilitation of these areas.

3. Commercial cooperation

22. This third type of cooperation is motivated by profit and commercial benefit. The "losing and making" of money, i.e. the law of the market, is the main incentive for cooperation. The commercial party does not necessarily expect an immediate return/profit on investment but may seek potential markets to develop its activities in the future. Cooperation on a commercial basis is formalized in contracts based on business law. Competitive bidding is often used in awarding concessions to operators of common-user container terminals. Concessions may also be agreed in bilateral deals for dedicated container terminals,

especially between a port authority or terminal operator and shipping line companies. Sometimes offers are made directly to the Government for the setting-up of a new port, such as that recently made by a Singapore-based company to build two container terminals near Yangoon.[12] In fact, this was the way many deep-water ports were built at the turn of the century.

23. The **terms of the contracts** are important because, in addition to being fair to the parties, they also need to be fair to the users, notably in the case of common-user container terminals. A review of the common clauses of contracts applicable to the operation of container terminals is given in two UNCTAD reports.[13] Innovation is required, as shown by the example of cooperation on dredging reported in New Zealand which required an agreement between three ports to use a common contractor and under that agreement to enter into individual contracts with the contractor at each port.

II. RATIONALE FOR COOPERATION AND ADVANTAGES

A. The rationale for cooperation in a changing environment

1. Globalization in trade and transport

24. **Ports are key links in international transport networks**. They are strategically located in the international transport chain as an interface in the cargo transfer from one mode of transport to another and as a logistical platform, now-called a "teleport", for the exchange of information. Thus, cooperation between operators is essential within the transport chain, including the information network. Indeed, the performance of one link of the transport chain depends on the performance of the other links. The strength of the whole transport chain depends on the capabilities of the weakest link.

25. The **impact of worldwide transport networks** on specific ports are far-reaching. For instance, Algeciras,[14] a Spanish port located at the southernmost tip of the peninsula, for many years until 1989 handled around 400,000 TEU per year but in 1994 exceeded 1 million TEUs. Marsaxlokk,[15] the container port of Malta, moved 43,700 TEU during the whole year in 1989 but in the last months of 1994 was handling about 40,000 TEU each month. These two examples show the impact of transshipment where the ports have become important nodes in the worldwide transport networks.

26. **Cooperation between shipping lines and port authorities or operators** benefit all parties involved in the deal. On the port authorities' side, shipping lines' services are not permanent and shift in accordance with trade volumes, costs, quality of service, a country's transport regulations, etc. Cooperation of a port with shipping lines ensures that the needs of the shipping lines are satisfied through close relationships that make it possible to examine and solve problems. Further, the port benefits from the loyalty of the companies. On the shipowners' side, the transit costs of ships in ports are an important component of total transportation costs. Some large operators move substantial volumes through their networks and thus require dedicated terminals. In addition, ports are the location where a shipping line

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[12] *Seatrade Week Newsfront*, 8-14 September 1995, page 15.

[13] *Rights and duties of container terminal operators and users*, UNCTAD/ST/SHIP/6, 1986, and *The commercial risk factor in container terminal management*, UNCTAD/ST/SHIP/12, 1987.

[14] *Annual Report 1993*, Algeciras Port Authority.

[15] *Annual Review 1994*, Malta Freeport Corporation Ltd.

is commercially represented and where services are sold to the shipper. These are commercial and operational reasons why shipping lines tend to invest directly in ports and open their own port agencies and terminal. This requires the cooperation of national port authorities to grant rights to the terminal operator and to lease land to the shipping company where it will carry out its business. Sometimes a foreign shipping company and a local port operator set up a joint venture to formalize their joint activities.

27. **Information networks** create opportunities for cooperation. Efficient transport relies as much on up-dated steady flows of information as on reliable infrastructure. Information which is produced on one side of the sea leg will be used all along the transport chain and especially in the port of discharge. Thus, port authorities themselves, or on behalf of the port community, cooperate to exchange information on dangerous cargo and also basic information required for port operations such as time of departure of the ship, cargo description, etc. A ship's agent can send by fax or EDI a description of the cargo, but also the plan of loading of the ship and other information required for swift port operations. Reliable communications and the ability to link with other ports will become an essential item of the services provided by a port authority in the future.

28. **Consolidation of activities in shipping** calls for cooperation among ports. Global alliances and partnership agreements are being designed between the major "top 20" container shipping carriers. These agreements are reshaping the shipping industry. The traffic tends to be concentrated in a fewer number of ports called "main ports" or "hub ports". This consolidation of activity calls for major investments, which often require huge financial resources, and for technological upgrading to meet the requirements of regrouped operators. Port authorities and operators must adapt or lose the commercial opportunity. One way of meeting the needs of shipping carriers is for port operators to merge into a single company. The alternative is to cooperate. Cooperation with shippers, shipping carriers, and foreign cargo-terminal operators interested in potential profitability is an answer to the consolidation of activities in shipping to avoid destructive competition.

2. Consolidation in cargo handling activities

29. Containerization and mechanization of cargo handling has brought about the **merging of stevedoring companies**. This consolidation has transformed a large number of small undercapitalized stevedoring companies into a few large ones able to invest in costly equipment. The process has been going on for the last two decades in many countries, is still continuing in the United States[16] to create even larger companies and is becoming international in scope. The rationale for this international expansion can be found in the common specialized knowledge needed to run a container terminal anywhere in the world, the considerable investment required and the relationship of some stevedoring firms with transport operators (International Port Management Division (IPMD) with P&O) or with larger business conglomerates[17] (Hutchison International Port Holdings (HIPH), the owner of Felixstowe which also operates several joint-venture terminals in China, with Hutchison Whampoa Ltd).

3. Redefinition of the role of the public sector

30. **Privatization, in its many forms,** has opened the door to cooperation between the public and private

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[16] "The state of the stevedoring industry: consolidation and rationalization", *World Wide Shipping*, July/August 1995, pages 47-50.

[17] "Hutchison Whampoa Ltd. A company profile", *The Docks and Harbour Authority*, Volume 76, Number 860, May/June 1995, pages 17-20.

sector.[18] Traditionally, ports obtained funds from the government, whatever their level of profitability. Nowadays, cooperation is a business strategy used by port operators, as in any industry, **to obtain resources from the market**. The need for finance to build and equip specialized terminals is a strong reason for cooperation. Thus, agreements with public port authorities normally include investments by the private container terminal operator to upgrade existing facilities into a fully-fledged container terminal and to provide the land-side equipment. This investment is in addition to that made by the port authority for dredging, piers, reclamation and the like. The fact that agreements are long-term ones seems to confirm the notion that the considerable capital required is the main reason for this cooperation.

31. Private sector involvement initially took place at the national level. At the onset of containerization in South America in the late 1970s and early 1980s, the public operating port authorities were supplemented by private container depots, as in the ports of Santos (Brazil) and Callao (Peru). At present, foreign private container terminal operators are involved in the ports of Shanghai (China), Kelang (Malaysia), Buenos Aires (Argentina) and Maputo (Mozambique). Several foreign shipping companies have shown interest in investing in Indian ports as the Government reforms port law to attract private investors.

32. More and more companies are interested in **overseas investments in ports**. The growth in container volumes in several countries has motivated some well established terminal operators to move from their home ports to undertake the operation of container terminals in other ports in their region or in other regions. In fact, privatization has led to the creation of container terminal operators in the form of joint ventures of local and foreign companies. An Australian based company (IPMD) was one of the partners in the first container terminal of Kelang. The same company and a Filipino one (International Container Terminal Services - ICTSI) are now operating in Buenos Aires[19] in separate joint ventures with local firms. A South African private stevedore (Rennies) is now the leading partner in the container terminal of Maputo.[20] In other cases new terminals have been established, such as that in Manzanillo (Panama) and Manzanillo (Mexico), in which one of the largest stevedoring firms (Stevedoring Services of America) in the United States is now operating in joint ventures with a local company and with a Mexican shipping line[21] respectively.

4. Other forces leading to cooperation

33. The **international business environment is uncertain**, and international trade may slow down, from one period to another. Over the last decade, for example international trade has decreased in volume a couple of times. Investment plans may be compromised because of unexpected change in the business cycle, and cooperation is a strategy to reduce the risks. **Transport technologies** change constantly and require large amounts of resources, such as know-how and capital. The cooperation between a port authority which finances the development of infrastructure and a terminal operator which provides handling equipment and sets up the information management system enables both to share the burden of investment. The two companies are expert in their own field of activity and are able to make the investment operational quickly, without hindering the development capabilities of the two companies.

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[18] For a more detailed discussion on privatization see *Comparative analysis of deregulation, commercialization and privatization of ports*, UNCTAD/SDD/PORT/3, May 1995.

[19] *Port Development International*, September 1994, pages 24-25.

[20] *Portlink*, Winter 1995, pages 2-3.

[21] *Seatrade Week Newsfront*, 21-27 July 1995, page 12.

34. There are **barriers to entry to new markets**. Some national economies are more or less closed to foreign investment in services because of legal restrictions on establishing foreign businesses, though this will tend to change with the GATS (General Agreement on Trade in Services). There may also be cultural barriers. Sometimes set-up costs are high to enter a new business. Some operators may need to cooperate with local firms to set up a joint venture or to entrust certain activities to a local firm in order to overcome these obstacles. In such cases the investments are based on trust between the partners.

35. **Cooperation is particularly relevant in the services industry**. Firstly, some services, for example port services, cannot be exported. A shipping company needs to create its own company in the port of the country where it wants to offer a service. This requires a transfer of capital to set up a company. An alternative to the transfer of capital is to cooperate with local partners who will provide the services on behalf of the operator. Secondly, an international transport operation involves a chain of operators for each segment of the transport chain. A multimodal operator will take responsibility for the different parts of the international transport services, but services are then subcontracted to local operators. In this context, cooperation between a contracting authority and subcontractors is required to assure the quality of services.

36. **Sustainable development** to prevent the deterioration of the environment is a priority for the international community. This issue cannot be treated on a national basis, as pollution effects cannot be contained inside national borders.[22] Sea pollution is a major issue that must be treated at the international level and with initiatives and concrete actions at the regional level.

B. Cooperation and competition

37. Cooperation fostered by the changing environment does not mean limiting competition. There is often a fear that cooperation can lead to a monopoly situation or a reduction of competition. As **cooperation is driven by market forces**, parties may find it advantageous to cooperate in unexpected ways. For example, cooperation in the ports field to cope with trade requirements is taking place, although in a different way than might have been thought a few years ago. It was envisaged that port authorities in a region could get together and finance facilities in one port, and this port could then act as the nodal point of the transport networks reaching the region and, therefore, attract transport operators. It was argued that this approach could avoid unnecessary over-investments in each port. Today, cooperation is found between port authorities and transport operators, as in the case of dedicated container terminals; between port authorities and port operators, as in the case of common-user container and bulk terminals; and between port authorities and subsidiaries of transnational corporations, as in the case of dedicated bulk terminals. For example, the shipping line Evergreen has recently entered into a deal with the Government of Panama to invest in the construction of a port container terminal.

38. The need to develop economies of scale in the port industry is one explanation of the need to cooperate and explains the consolidation taking place in the stevedoring industry. In some ports and in some regions, the volume of trade and port traffic is sometimes too low to enable several stevedoring companies to operate. Competition would generate a waste of resources, to be paid for in the end by the port users, whereas terminal operators who cooperate will provide cost-efficient services. In fact, a balance must be found between cooperation and competition so that the commercial interests of port operators and users are secured.

39. Cooperation may actually help to strengthen competition. When ports cooperate, for example in publishing harmonized statistics or adopting a common tariff structure, this does not mean that they will

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[22] See UNCTAD study, *Sustainable development for ports*, UNCTAD/SDD/PORT/1, 1993.

adopt a common commercial attitude towards shippers and shipping lines or that they will harmonize the level of their tariffs. In fact, a port authority and commercial operators will cooperate in some areas and compete in others.

40. To understand the meaning of cooperation, one can draw a parallel between the role a port association plays vis-à-vis its members and the role a port authority plays vis-à-vis port operators and users. In the port, different operators with different objectives cooperate under the umbrella of a port authority. Similarly, ports which belong to different countries in a region may have different commercial interests but find advantages in cooperating in certain fields within the association.

C. Advantages to be drawn from cooperation

41. Cooperation should be seen by port management as a tool to add competitive edge to a port through better commercial orientation or through a reduction of costs. These are the ultimate objectives of cooperation.[23]

1. Cooperation to improve port operations

42. **Smoothing operations within the transport chain** is one objective of port cooperation. The port is one link in the transportation chain, and port authorities and operators have to cooperate with foreign transport carriers, shipping agents and commissioners, as well as administrative services such as customs, veterinary services, etc, not only at the national but also at the regional and international levels. The port must strengthen its position in the chain and ensure a steady and fluent flow of cargo. When a port develops a computerized system to manage port operations - cargo-handling, vessel management traffic system - the cooperation of the port users are required. This day-to-day cooperation must be strengthened through a real partnership between the port authority, port operators and port users.

2. Cooperation and management of resources

43. One advantage of cooperation is **to share costs, to pool resources and to reduce uncertainty**. This also means reducing the risk associated with large investments such as infrastructure, new terminals, etc.. When a port cooperates with shipping lines, it can secure a higher degree of loyalty from this type of user. The cooperation is sealed through a contract between the port user and the port authorities/operator or there is an implicit cooperation agreement through port tariff reductions or loyalty rebates.

44. Partnership is the best management method of securing funding and reducing the uncertainty of investment. For instance, the Global Alliance, which groups the shipping lines Nedlloyd/APL/MOL/OOCL, has entered into an agreement with the terminal operator ECT (Europe Combined Terminal) in Rotterdam to have exclusive use of a terminal through a service contract. Simultaneously, the Global Alliance will also be the first customer of the new terminal to be built under the Delta 2000 terminal extension project in Rotterdam.

45. The development of a regional training centre is another example of how resources can be pooled and costs shared.[24] Most often, the population to be trained on a specific subject in the ports field is small, whereas the minimum fixed costs involved in running a good-quality training centre are high.

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[23] *Strategic planning for port authorities*, UNCTAD/SHIP/646, 1993.

[24] UNCTAD, through its Trainmar project has developed regional training centres in Abidjan, Alexandria, Casablanca, Guadeloupe, Johore, Madras, Managua, Manila, Maputo, Mombasa and Montevideo.

Regionalization of training through cooperation is a cost-effective alternative to national training.

46. Cooperation is sought **to obtain resources** - financial, human, etc - which are sometimes seriously lacking in some countries, in particular in the least developed countries. Pure commercial relationships are often not possible. International/regional organizations are the main institutions for channelling development aid and assistance to ports of developing countries. The direct involvement of private operators seems to increase with the need to build global transport networks.

47. **Division of work/labour** also gives rise to cooperation between companies. The companies concerned have close common interests, but their financial or skill capabilities are limited in terms of expanding their business to other types of activities. For example, a landlord port authority does not have the capability to operate terminals, and it will therefore cooperate with private terminal operators. The spread of the landlord type of port authority has fuelled this type of cooperation, which cuts across regions.

3. Cooperation and management of information

48. Cooperation is the most simple method of **obtaining first-hand information at low cost**. It is through a formal/informal network relationship that port managers can identify commercial opportunities, changes in technologies, tests of new technologies and successes and failures in implementing new port policies, as well as obtain information on the behaviour of port customers for marketing purposes, for instance on how quality and prices are appraised, etc. Often such rather informal discussions may induce and sometimes generate new business activities. Almost all activities are based on networking. This **dissemination of information** is one of the traditional features of cooperation.

49. **Lobbying activities** are another aspect of the use of increased market power vis-à-vis governmental institutions and also operators. Port authorities can cooperate to push an issue of strategic importance for port development. ESPO, for instance, lobbies to promote environmentally friendly ports and short-sea shipping. It has suggested, issuing a short-sea sailing list to inform shippers of the possibilities of using this mode of transport as an alternative to road. The American Association of Port Authorities (AAPA) recently contested a petition to the United States Federal Maritime Commission requesting a rule to prevent a port from including in its tariff any provision which holds a vessel agent liable for the debts of its disclosed principal, the vessel owner. These provisions are common and established practice in US ports. Finally, port associations, in particular IAPH, participate in the work of international organizations in drafting or revising conventions.

4. Cooperation and self-regulation

50. Port professionals should tackle the issues they face in the port industry themselves instead of expecting the state to regulate. Cooperation between ports encourages self-regulatory behaviour by port professionals to avoid sometimes excessive government regulations. Self-regulation through cooperation is also the best approach to securing the correct implementation of law. There are often several ways of interpreting a law, and to avoid misinterpretation, legislators and courts have to create the jurisprudence and sometimes add new texts to the law. States sometimes have to adapt their national legislation. There is always a period of adjustment during which costs may be very high for the community and individual operators and users. Cooperation and self-regulation is an alternative to excessive bureaucracy.

5. Cooperation and regional common interest

51. Another aspect of cooperation is **reducing destructive competition**. In this respect one should be

very cautious (see paragraph 37 on competition versus cooperation). Nowadays, there is agreement that competition and the free market are the best regulator of a market economy. Nevertheless, competition sometimes leads to a waste of resources and could be detrimental to the economy. A cost/benefit analysis must be carried out to know if it is better to compete or to cooperate. An example of waste of resources is the over-investment engaged in by port operators in the hope of remaining or becoming leaders in the transhipment market.

52. Competition can also be detrimental to a society when there is a race to expand which does not take into consideration the need for **sustainable development**. Dredging projects have been developed in many ports as an answer to the increasing size of ships, but some ports were tempted to dredge their ports without any careful environmental audit, and such projects can put the environment at great risk. A common approach must therefore be followed by ports in a region which are in competition to agree to follow certain principles.[25] Sometimes this needs to be translated in a more or less formal way through a code of conduct or the adoption of a law on the subject.

D. Prerequisite for regional cooperation: national and intra-port cooperation[26]

53. Intra-port cooperation is required if a port authority and port operators want to cooperate at the regional level. No port can develop over the long term if its operators do not share a common goal. In the absence of cooperation among operators and the administration of a port, cooperation at the regional level may be counter-productive. No foreign investors will be interested in investing in a port which is mismanaged because of a lack of coordination. Port authorities, private operators and governmental bodies must cooperate to attract investors. A failure to cooperate at the local level may reveal an incapacity to cooperate at a higher level, i.e. the regional level. If the capabilities of a port are weak at the national level, the relationship between national companies/operators and foreign ones may not be well balanced.

54. Cooperation can develop with land-based transport operators at the national level. The port authority of Oakland (USA) is now planning a new common-user intermodal terminal in cooperation with two private railway companies. This terminal will allow transport operators moving limited quantities of containers to use block-trains to reach several destinations in North America. The linkage of ports with railway companies is well known in Southern Africa within the public sector, as the port authorities of Mozambican and South African ports are subsidiaries of larger national railway companies. In Europe, the new container terminal being developed in Antwerp is a joint venture between a private terminal operator and the national railway. This type of cooperation will provide a competitive edge to national ports and thus create new opportunities to cooperate with foreign shipping carriers or shippers.

55. The specialized nature of the equipment used in container terminals also gives scope for cooperation. It is well known that the planning of the Eurodelta terminal in Rotterdam required a cooperative effort of planners, operators and manufacturers. This cooperation at the local level provides an advantage to the port in seeking cooperation at the regional and international level. The port of Rotterdam has already been selected by one alliance of container carriers. The practical delivery of certain categories of services requires close coordination among several parties within a port (Customs, freight forwarders, terminal operator, port authority and the like), but the leadership of one party, which could be the port authority, is required for success.

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[25] ESPO has prepared an Environmental Code of Conduct for ports which creates an environmental framework within which its members should address environmental issues.

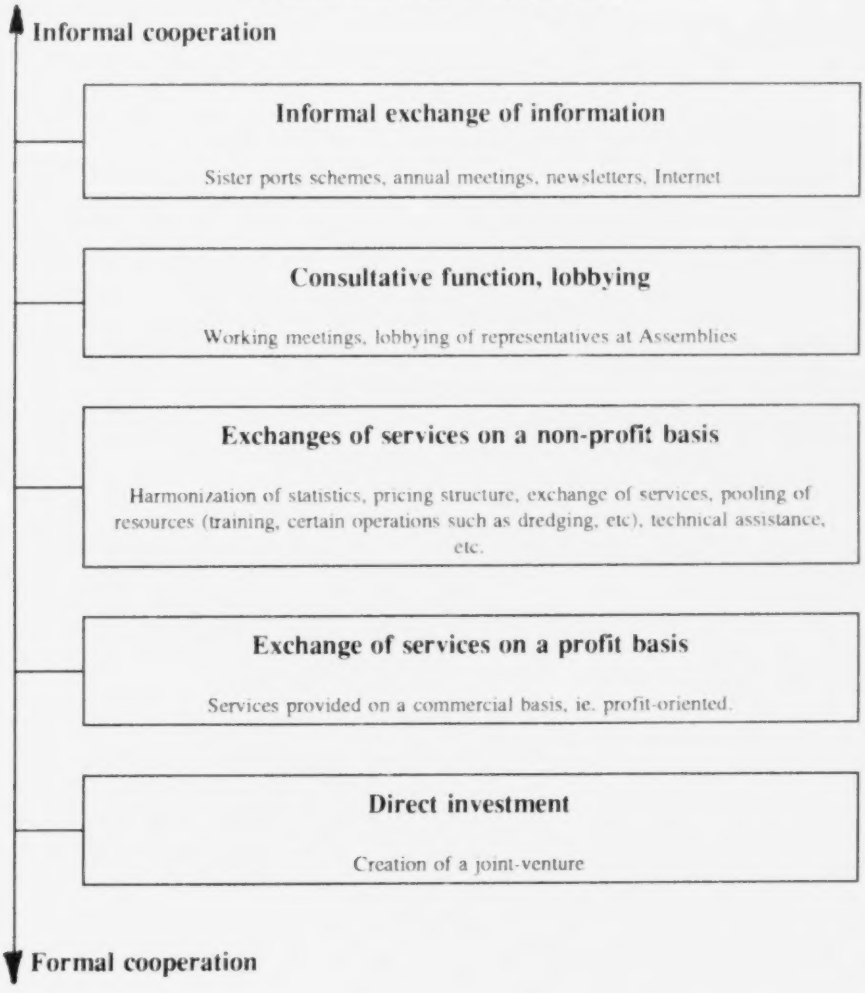
[26] *The principles of modern port management and organization*, TD/B/C.4/AC.7/13, 1992.

III. FIELDS OF COOPERATION AND EXAMPLES

A. The generic activities of cooperation

56. Cooperation activities can be ranked between **informal or formal** activities. Under the heading "informal", cooperation means free and often friendly exchanges of ideas. Those involved proceed to an exchange of information through gatherings and meetings which sometimes mix working meetings and recreational periods. Under the heading "formal", partners are financially, commercially and legally bound. There is a high degree of commitment from members with reciprocal rights and obligations. Also, large amounts of money in the form of investments are at stake.

Figure 2
Generic activities of cooperation


Informal cooperation
Informal exchange of information
Sister ports schemes, annual meetings, newsletters, Internet
Consultative function, lobbying
Working meetings, lobbying of representatives at Assemblies
Exchanges of services on a non-profit basis
Harmonization of statistics, pricing structure, exchange of services, pooling of resources (training, certain operations such as dredging, etc), technical assistance, etc.
Exchange of services on a profit basis
Services provided on a commercial basis, ie. profit-oriented.
Direct investment
Creation of a joint-venture
Formal cooperation

Source: UNCTAD secretariat.

57. The type of cooperation activities carried out will depend on a series of factors: the objectives of the partners, their degree of autonomy and responsibility for initiating cooperation with partners, and the

degree of commitment they choose. The **objectives of cooperation** for a port manager whose port is to be privatized may only be to exchange experience with managers who have experienced similar reforms in their countries, whereas other port operators may try to negotiate contracts to start up businesses in new areas. The objectives of cooperation must be carefully thought out. The costs of the various options are different, and this is an element which should come into consideration when assessing the need for cooperation.

58. The nature of cooperation between partners will depend on their **degree of autonomy and responsibility for initiating cooperation**. Some public ports have no alternative other than to cooperate only within an association. When the public administration which oversees the port is powerful, any initiative to cooperate at a commercial level needs to be approved by the ministry. This takes time and is not appropriate in a commercial context. Conversely, a private port operator may not find it easy to cooperate within an association where members are mainly public port authorities. The approach of cooperation and the type of activities carried out will depend on the nature of the management. Responsibility should be delegated to port authorities and operators to allow them to seize all the opportunities provided by the various forms of cooperation.

59. The **intensity of commitment is another feature of cooperation**. Formalization of cooperation is a precondition for obtaining support from partners such as international/regional organizations, private investors, donor countries, etc. As far as the support of international organizations is concerned, a formal project is prepared which requires a number of phases - preliminary studies, feasibility evaluation, preparation of programmes, project, budget and contract, etc. The UNCTAD Ports Section has acquired expertise in developing projects and is a valuable relay for formulating and channeling requests to funding institutions and donor countries. The commitment of a private company will also depend on the quality of the contract and the guarantees contained within it to protect its interests. A port should not enter a cooperation deal if it is not able to cope with the requirements. In most business contracts, there are clauses which allow one partner to withdraw and which also include penalties.

B. Examples of cooperation in the field of ports

1. Exchange of information and expertise

60. Getting information on specific points, comparing solutions implemented in other ports or simply knowing the decision-makers of other ports is a powerful reason for port authorities to participate in the working of associations. The exchange of information can take place during **informal meetings**. The organization of annual meetings or conferences where members present papers on topics of interest to the port community is a well known practice. Sister port schemes have been implemented between ports of developing and developed countries. Friendly relationships are often the starting point of more technical and formal cooperation.

61. One original tool is the organization of a "**working meeting on cooperation**". The objective of such a meeting is to gather together various interested parties such as experts, companies and public administrations with a view to exchanging ideas, learning of current projects, identifying potential partners, entering into negotiation with them, checking out feasibility, studying procedures and available assistance, etc. The working meeting "Directoria" is one such meeting initiated by the European Union to promote regional cooperation on, for instance, the exchange of information.

62. In general, **professional exhibitions** in the field of shipping and ports also create opportunities to cooperate. The traditional tools for circulation of information by associations are their newsletters or membership directories. Almost all port associations issue one such publication. **New information**

technologies have opened new fields for exchange of information. One of the current most popular and promising tools for the exchange of information is the "Internet" network, a computer network of computer networks. Already some ports have opened sites on the network. Some port Internet addresses are listed below. A project called "INFOPORT" which stands for INternet FOr PORTs was recently launched by an association ACEM (Cooperation Agency for Maritime Europe). One of the objectives of the association is to harmonize the presentation of port information on the Internet network.

Port information available on Internet

AAPA:	http://www.seaportsinfo.com/
Antwerp:	http://www.portofantwerp.be/
Delaware:	http://www.libertynet.org/~ppc/drpa.htm
Finnish ports:	http://www.otm.fi/nowerail/welcome.html
Fremantle:	http://www.vianet.net.au/~writan/homeport/text.html
Halifax:	http://fox.NSTN.ca:80/~Irafter/
Los Angeles:	http://www.psrinc.com/portla/portla.htm
Mobile:	http://alaweb.asc.edu/stdocks.html
Portland:	http://www.teleport.com/~rogerb/kpdx/pop1.html
Santander:	http://cchp3.unican.es/Puerto/HomeExp.html
Saint John:	http://www.mi.net/port/port.html
Singapore:	http://suniste.nus.sg:80/PSA/intromain.html
Tacoma:	http://www.portoftacoma.com/
Venice:	http://www.portve.interbusiness.it/portve/portve.html
UNCTAD	http://gatekeeper.unicc.org/unctad/ship/ship-hd1.htm

Source: Courtesy of the Port of Santander

63. **An exchange of expertise** can take place in the form of port staff released by one port to another port. In the framework of the cooperation agreement between France and Djibouti, the port of St. Nazaire in France has temporarily released technical staff to the international port of Djibouti.

2. Operational cooperation

64. Cooperation on operations among port authorities or operators covers a wide range of activities and is not limited in scope. Several examples have already been reviewed in previous UNCTAD reports. Ports cooperate on **electronic data interchange (EDI).** The objective of EDI is to speed up and simplify port information processing and in turn to reduce the transit time of cargo and ships in ports. There are many examples of cooperation in the EDI sector. A project has been developed between ports of the European Atlantic Range to experiment with a system of information exchange. The Port of Marseilles in France has sold or exhibited its computerized system for the processing of information to many ports bordering the Mediterranean Sea. The ports of Singapore and Hamburg are linked also by EDI for the declaration of dangerous cargo and exchange of bay plans. However, adherence to certain standards such as the UN/EDIFACT does not solve the main question of devising an ad hoc system adapted to a specific port. The design of a system requires cooperation from port users and operators at the regional level to enlarge the hinterland of the port. Port Kelang in Malaysia is setting up a management information system which requires the cooperation of users in order to be designed and tested.

65. The **creation of a distripark**, a commercial area with warehouses, linked to inland transport networks, used for the repacking, storage and distribution of cargo that is often situated close to the port area, is an example of regional cooperation. A Singapore-based company, Sembawang Maritime Ltd., has

cooperated with a Chinese-based company, SCW&DC, in Shenyang to create a distripark. The two companies will create a joint venture, with SM Ltd. owning 49 per cent and SCW&DC the remainder. The improvement of **multimodal links** is another aspect of operational cooperation. Such examples of port cooperation can be found in Rotterdam between chemical industries and the Dutch Railways which are building two rail chemical centres in the port.[27] There could also be cooperation between the port authority/port operator with a shipping company or land carrier to improve intermodal connections.

Example of cooperation between
Ghent (Belgium) and Terneuzen (Netherlands)

The port authorities of Ghent and Terneuzen share a common ship canal and also a common hinterland. The objective of their cooperation is to maintain and to foster their competitiveness at the international level. One of the objectives is to reduce the cost of ship transit in both ports.

In February 1992, the two ports agreed through a "common note" to cooperate to realize infrastructure works in the ship canal. Several projects were included in the agreement, such as a new lock gate on the canal at Terneuzen, improvement to the canal, development of land transport links, and construction of a multimodal terminal.

Three other cities took part in an agreement in 1993 under a project on "coordination for the Ghent-Terneuzen Canal".

In 1995, Ghent and Terneuzen signed a "declaration of intent" for cooperation between the ports. It indicated that the two ports will initiate concrete cooperating activities to "eliminate the factors that disturb competition". This includes:

- Improvement of seaways and intermodal links;
- Cooperation on security through exchange of information and mutual assistance;
- Control of ship call costs through better management, including pilotage and stowage services;
- Cooperation on environmental matters such as water quality;
- A common approach to international organizations and ports associations.

The port management of the ports of Ghent and Terneuzen will meet twice a month to review issues. Working groups will be created to submit concrete proposals.

66. Similarly, a common need of many ports, **dredging**, also provides an opportunity for cooperation between port authorities. Recently, an interesting case of cooperation between independent port authorities within the same country and an international dredging company has been reported in New Zealand.[28] The port authorities cooperated to prepare the terms of reference, to launch the tendering procedures, and to select the company. Such cooperation, however, is only national in character and often falls within the scope of a national port authority which allocates the dredgers' work among ports. Cooperation in

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[27] "Surviving globalization by new partnerships", Dr. R.M. Smit, Commissioner, Port of Rotterdam, Vice Mayor of the City of Rotterdam, *Ports and Harbors*, July-August 1995, pp. 11-12.

[28] Privatization of ports in New Zealand, *Terra et Aqua*, Number 60, September 1995, pages 11-17.

dredging has already been reviewed in a previous report.[29]

67. Cooperation on operations may be derived from conventions adopted at the international level. For example, the International Convention for the Prevention of Pollution from Ships as amended, also known as the MARPOL Convention, which aims to limit sea pollution, calls for specialized facilities to take the dirty ballast water and oil slops from tankers and garbage from ships entering ports. As these facilities, notably the provision of **reception facilities for ship waste**, are expensive, a source of economies of scale and cost savings could exist if neighbouring ports provided them jointly.

68. The case of **bulk terminals** was considered in an UNCTAD report[30] some years ago and the conclusions still stand. Dedicated terminals are mostly part of a commodity transport chain in the industrial and energy sectors. The investments needed in ports are usually part of much larger investments which include other facilities (mines, thermal plants, refineries, etc.) and require the participation of transnational corporations and governments. The management and operation of dedicated bulk terminals located within the boundaries of a port authority is the responsibility of the bulk terminal operator, which is often a subsidiary of the parent company it serves. Common-user bulk terminals are often managed by independent bulk terminal operators. Both, therefore, work under contract with the port authority and cooperate with it.

3. Functional cooperation

69. This type of cooperation has no direct impact on port activities. The result of such cooperation cannot be valued directly in port accounts, but it definitely improves the efficiency of port operations and management. Studies have been carried out on the **harmonization of port statistics**. This harmonization has no direct impact on the activities of the port. It is useful only for the economic analysis department of the port in monitoring port performance, comparing the performance of one port with another and guiding and justifying the implementation of measures to increase the productivity of workers, to prospect new markets, etc. Many port associations have working groups on harmonization of port statistics: IAPH, ESPO, PMAESA, PMAWCA, etc.

70. **Harmonization of tariff structures** is another example of cooperation which does not produce direct benefits. Nevertheless, port users enjoy improved transparency and understanding of the port tariff, and port users are able to compare costs. Sometimes harmonization leads to a simplification or rationalization of tariff structures in ports. Harmonization of tariff structures should be considered as a measure to facilitate trade. Many potential traders are discouraged because of the opacity of the pricing system of the port tariff. Cooperation of ports in harmonizing their tariff structures will have a positive impact on regional trade, which is crucial to development.

71. **Marketing** can also be included in this category. Port authorities and operators can collaborate to promote the region. One example of cooperation in marketing activities can be found in Eastern and Southern Africa. Six countries - South Africa, Kenya, United Republic of Tanzania, Seychelles, Sudan and Zimbabwe - created a sub-committee within PMAESA, the port association for this region, to study potentialities for the cruise industry, to devise a marketing policy and to market the region at the international level.[31]

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[29] See *Cooperation between ports*, TD/B/C.4/AC.7/4, 1985, para. 22-25 and annex II.

[30] *Development of bulk terminals*, TD/B/C.4/292, 1985.

[31] Lloyd's List, *Africa woos cruise industry*, Monday, 9 October 1995, p.3.

72. Finally **training** can be included in this category. While it is difficult to measure the positive impact of training on the performance of the port, human resources development and training is an essential activity for ports if they are to have an effective and highly motivated work force. Cooperation in the field of training is one of the most successful examples of cooperation as a whole. The UNCTAD TRAINMAR programme - TRAINing for MARitime activities - is well known in many ports worldwide. It started in the early 1970s with the technical assistance activities of UNCTAD and is now a well developed feature in many ports. The participation in this programme of port authorities, port operators, port users and more recently universities, both nationally and internationally, is now well established.

4. Setting and enforcing standards/laws

73. When laws are adopted at the international level, their implementation requires activities at the regional/national level. These activities concern in particular port state control, the network for preparedness response, and cooperation in respect of oil pollution and compensation for oil spills. For example, for port state control, each maritime authority will ensure that foreign merchant ships visiting its ports comply with relevant international conventions and documentation. The authority will carry out an inspection of a certain percentage of individual foreign flag vessels entering its ports during a 12-month period - 25 per cent of foreign flag vessels under the Memorandum of Paris; 15 per cent under the Latin American agreement; 25 per cent under the Asia-Pacific agreement, to be increased to 50 per cent of all visiting ships by the year 2000.

74. Thus, coordination among the maritime authorities of member States will provide maximum coverage and reduce duplicate inspections. This can be achieved through a Port State Control Committee with a computerized database giving the results of each inspection available on-line to any member. The responsibility for ships and crews to be up to international standards rests with the flag State and is exercised by the marine or maritime authority. However, port state control is a method of eliminating substandard ships through controls by a different State, the port State (in which the ship happens to be), through its maritime authority. This enforcement is carried out in the interest of safety and pollution prevention. A port State can therefore board a vessel at sea before it comes to port and deny entry if standards are not met. It can also board a vessel in port and detain it until violations of international convention standards are corrected.

IV. ROLE OF UNCTAD IN PROMOTING REGIONAL COOPERATION

75. For many years, the UNCTAD secretariat has been active in the promotion of regional port cooperation. Firstly, UNCTAD assisted in the **creation of ports associations**: PMAESA, PMAWCA and recently LEGIPORT. The status of consultative body may be granted to the associations by the Trade Development Board after examination of the activities and structures of the association. These associations are invited to attend relevant meetings on ports and to present the views of their regions.

76. Secondly, UNCTAD has developed **expertise** to implement regional programmes for development. Examples of this have been regional projects in western and central Africa to harmonize port statistics and tariff structures and in eastern and southern Africa to harmonize port statistics. UNCTAD has the capability to prepare projects according to the procedures and requirements of international organizations and donor countries. The **support** of an international organization is often useful to ascertain the feasibility of a project as it ensures that valuable expertise will be made available to design projects, contact donors, recruit experts, etc..

77. Thirdly, as UNCTAD has always been **a forum**, it is also a valuable intermediary to initiate meetings

among various entities who share common interests but whose dialogue is difficult because of a lack of a leadership to initiate meetings, lack of resources to hold meetings, etc. Also, cooperation is successful only if there is support at a high political level. A technical meeting on central Asia's transit transport links with world markets was recently organized by UNCTAD with the support of UNDP and the Turkish International Cooperation Agency. The meeting was an opportunity for the five Central Asian Republics to discuss their problems as land-locked countries and to explore remedies with counterparts from neighbouring transit countries.

78. Fourthly, UNCTAD's technical cooperation and training activities have a **high regional component and promote cooperation**. The Advance Cargo Information System (ACIS) programme promotes cooperation between transport operators in exchanging information on goods being transported to allow them to make more effective and efficient use of infrastructure and their equipment. The TRAINMAR programme is now well known for its role in strengthening cooperation between training centres in the same region and also between developed and developing countries. In the field of management training and with the generous funding of the Government of Belgium, a three-week seminar on container terminal management has been run in cooperation with Antwerp Port Engineering and Consulting (APEC) in Antwerp for 15 years now, and a seminar on the new commercial role of ports and port marketing has been run in cooperation with the port of Ghent in Belgium since 1993. These seminars also promote the development of networking amongst port managers from developing countries.

79. Recently, UNCTAD's technical cooperation activities have expanded to include war-torn countries. In this context, it is interesting to mention its experience in the rehabilitation of Somali ports. The activities started in 1993 at the time the United Nations Operation in Somalia entered into its second phase - UNOSOM II. **Regional cooperation** has been used with bordering countries of the Indian Ocean and non-contractual agreements have been established with some port authorities in India, notably Bombay and Madras, to provide the required expertise when needs arise and the conditions for assistance are satisfactory. Further, port authorities of neighbouring countries, such as Djibouti International Port Authority, have also contributed to the execution of this project by hosting a seminar for Board members of one Somali port.

80. UNCTAD activities for the project have included the preparation of a country port programme in which **international and regional organizations** are cooperating. The cost of the programme is estimated at US$ 20.5 million. UNDP financed the institution-building component of the programme, about US$ 3.5 million, and appointed UNCTAD as executing agency. Another part of the programme, rehabilitation of the infrastructure, will be taken care of partially by the European Union. Thus, the two organizations are working in separate projects but within an overall programme which results in coordinated activities.

81. The Somalia programme attracted considerable interest from other ports in war-torn countries that subsequently requested UNCTAD to undertake similar programmes. Since then, the Somalia programme has continued, but other programmes have not commenced due to the lack of funds. Donor countries and development agencies undertaking technical cooperation in the field of ports for humanitarian relief and development purposes may wish to consider UNCTAD expertise when planning their activities. Also, donors undertaking bilateral technical assistance to these countries may wish to take advantage of UNCTAD experience in this field by using available material, procedures and expertise in the ports field already targeted to help countries to develop and thus make their bilateral effort more productive.

V. CONCLUSIONS

82. There are various forms of activities where ports can cooperate. Furthermore, port authorities, operators and port-related companies can benefit from a wide range of advantages from cooperation. They need to have a proactive attitude towards cooperation to benefit from the new trade and transport environment. UNCTAD contributes to developing this attitude with its technical reports and monographs, seminars and technical assistance projects. Port authorities often cooperate with port operators and transport operators in liner trades and with port users in bulk trades. The cooperation is not restricted to a region but extends worldwide. Cooperation between port authorities is also being carried out through the working of associations and could be extended through them. The associations have increased in number, membership and activities. Donors can promote the development of regional cooperation among developing country ports through the financing of projects that promote cooperation, for example harmonization of statistics, regional environmental protection and regional training centres.

83. Finally, there are a number of countries which, due to certain circumstances, are in need of assistance to overcome difficult situations in their port industry. The UN system, by means of specialized relief agencies or/and other developmental agencies, is often involved in these countries. Donors may wish to consider programmes and projects developed by UNCTAD to make their activities more efficient by using the UNCTAD secretariat expertise.

Annex I
LIST OF PORT ASSOCIATIONS

American Association of Port Authorities (AAPA)
1010 Duke Street
Alexandria, Virginia 22314
USA
Fax: ++ (1 703) 684 6321

ASEAN Port Association (APA)
c/o Philippine Ports Authority
Marsman Building, South Harbor
Port Area, Manila
PHILIPPINES
Fax: ++ (632) 495 604

Association of Sea Commercial Ports (ASCP)
4, Gapsalskaya Street
St Petersburg
RUSSIA
Fax: ++ (7 812) 251 3308

Baltic Ports Organization (BPO)
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COCATRAM
Shipping Committee for Central America
Costado Oeste Plaza España
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European Sea Ports Organisation ASBL (ESPO)
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Federation of European Private Port Operators (FEPORT)
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Gulf Port Management Association
Gulf Cooperation Council
PO Box 7153
Riyadh 11462
SAUDI ARABIA
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Iberoamerican Association of Ports and Coasts
c/o Puertos del Estado
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Campo de las Naciones
E-28042 Madrid
ESPAÑA
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International Association Cities and Ports (IACP)
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FRANCE
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International Association of Ports and Harbors (IAPH)
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JAPAN
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International Association of Port Jurists (LEGIPORT)
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FRANCE
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Permanent International Association of Navigation Congresses (PIANC)
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Port Management Association of the Eastern Caribbean (PMAEC)
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Port Management Association of Eastern and Southern Africa (PMAESA)
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311 867

Port Management Association of West and Central Africa (PMAWCA)
12 Park Lane
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South Pacific Ports Association (SPPA)
c/o Ports Authority of Fiji
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Union d'Administration Portuaire du Nord de l'Afrique (UAPNA)
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Indian Ocean Association Maritime Affairs Cooperation
Suite 4-212 BMICH
Colombo 7
SRI LANKA
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Federation of Arab Seaports
c/o Arab Federation of Shipping - AFOS
Karada Sharkiyah
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Annex II
PORT ASSOCIATION MEMBERSHIPS AND OBJECTIVES

Association	Countries and territories represented in the Association by port authorities, administrations, corporations, individuals, etc.	Comments	Objectives as stated in the constitution or in the official publications of the Associations
AAPA	Argentina, Aruba, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Curacao, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, St Lucia, Trinidad & Tobago, United States, Uruguay, Venezuela	134 public seaport agencies	The Association's mission incorporates five general goals: Support environmentally responsible port development and operations; Provide a forum for the creation, exchange and evaluation of information and support related to all phases of port development and operations; Encourage professionalism in the general management of public port authorities; Expand public awareness and support for ports; Represent and promote the common interests of ports at local, regional, national and international levels.
APA	Brunei Darussalam, Indonesia, Malaysia, Philippines, Thailand, Singapore, Viet Nam	7 regular members exclusively	The aims and objectives of the Association are as follows: To provide the ASEAN Port Authorities and harbour organizations a vehicle for regional cooperation in port and harbour development, operations and management; and To promote and protect the interests of member port authorities. The specific objectives of the Association are as follows: To promote and to assist in the development and implementation of efficient methods on the following: (i) Cargo handling systems; (ii) Port procedures and documentation; (iii) Administration of port personnel, including those of private agencies, involved in the business of the ports; (iv) Port statistics; and (v) Port information systems. To promote the exchange of data and information on shipping and cargo traffic within the port authority area; To upgrade the skills and knowledge of port personnel through the exchange of personnel for on the job training, holding of seminars/workshops on port planning, operations and management; To promote cooperation in the coordination of ports and harbour operations and management on an ASEAN basis; To develop and maintain close relationships with other ASEAN organizations, especially those of ASEAN shippers, shipowners and inland transport agencies.
ASCP	Countries of the Community of Independent States (former Soviet Union)	More than 50 ports, port administrations, training institutions, shipping companies	

BPO	Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Russia, Sweden	42 port authorities or organizations	The organization, established by ports with commercial interest in the Baltic region, has the following objectives: - Rapid and rational development of maritime transport in the Baltic region. This development is to have a dual purpose: To boost economic development of the States in the region, and To create an efficient gateway for transfer of cargo and passengers from port to port in the region - Co-ordination of cooperation measures agreed upon by the member ports with regard to matters such as development, investments, specialization, etc.; - Exchange of information, technology transfer, port management services (know-how), rehabilitation of ports, etc.; - Education and training of personnel; - Establishing and maintaining a network of international contacts for member ports; - Marketing of the Baltic region as a strategic logistics centre; - Negotiations and decision-making with regard to BPO's affiliation to other international organizations.
COCATRAM	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama	11 members, port authorities or organizations	A regional governmental organization to foster the development of the shipping and ports sectors of Central American countries, to provide technical assistance to port authorities and to act as the secretariat of the "meeting of Port Authorities of Central America" (REPICA)
ESPO	Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Malta, Netherlands, Portugal, Norway, Spain, Sweden, United Kingdom	51 members including 29 port authorities, port administrations and national associations	The objectives of the organization are to promote policies and viewpoints of the Community ports with the European Community Authorities and other relevant international bodies and consequently to study all problems relating to the port industry in the context of the treaties establishing the European Union, so as to keep its members informed and to seek, where possible, common positions. In a more general way, the promotion of port interests includes notably: - Establishing and maintaining regular contacts with EC Authorities; - Obtaining port relevant information; - Organizing meetings for mutual cooperation of Members and obtaining their opinions; - Presenting oral and/or written views and opinions to EC Authorities and other relevant bodies; - Requesting meetings with EC Authorities for information, expertise, and other related matters.
FEPORT	Belgium, Denmark, Finland, France, Germany, Netherlands, Portugal, Spain, United Kingdom	Members are national associations which represent almost 80 per cent of all European private operators	The objectives of FEPORT are: - To inform and advise its members on European port-related matters; - To discuss and formulate common points of view with regard to European policies; - To communicate these points of view to European policy-makers; - To be the contact party for European policy-makers when they want to consult European private port operators; - To stimulate European contacts between members and with other interest groups.
IACP	Belgium, Benin, Brazil, Cameroon, Canada, France (metropolitan and overseas territories), Côte d'Ivoire, Germany, Italy, Netherlands, Norway, Portugal, Romania, Senegal, South Africa, Spain, United Kingdom, USA	139 members: port authorities, cities, corporations, training/research institutions, regional development institutions	This Association has the objective of encouraging exchanges between cities and ports and promoting the development of port cities.

IAPH	Algeria, Argentina, Australia, Bahamas, Bangladesh, Belgium, Benin, Cameroon, Canada, Cape Verde, Cayman Islands, China, Côte d'Ivoire, Croatia, Cyprus, Denmark, Djibouti, Fiji, Finland, France, Gabon, Gambia, Germany, Ghana, Greece, Guinea, Haiti, Honduras, Hong Kong, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Kuwait, Liberia, Malta, Malaysia, Maldives, Mauritania, Mauritius, Mozambique, Myanmar, Netherlands, Netherlands Antilles, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Peru, Philippines, Portugal, Puerto Rico, Qatar, Republic of Korea, Romania, Russia, Saudi Arabia, Senegal, Singapore, Solomon Islands, Spain, Sri Lanka, Sudan, Sweden, Tahiti, Tanzania, Thailand, Trinidad and Tobago, Turkey, Ukraine, United Arab Emirates, United Kingdom, USA, Uruguay, Viet Nam, Yemen, Zaire	Total members 336 including: 238 regular members as on 28.09.1995 (3 additional members on 01.01.1996) and 98 associate members (individuals, training centres, corporations, etc). The figures vary as members enter and leave the association.	The principal objective is to develop and foster good relations and cooperation between all ports and harbours of the world through the following activities: - Promoting greater efficiency of all ports and harbours through the exchange of information about new techniques and technology relating to port development, organization, administration and management. - Encouraging common viewpoints, policies or plans where members share a mutual interest. - Seeking to protect the legitimate interests and rights of its members within intergovernmental and other organizations to improve port conditions on a worldwide basis. - Promoting cooperation between shipowners, shipping lines and other concerned parties on behalf of ports and harbours to assist in the development of waterborne transportation and marine industries in general.
LEGIPORT	Abu Dhabi, Algeria, Argentina, Belgium, Benin, Cameroon, China, Denmark, Ethiopia, France, Côte d'Ivoire, Gabon, Gambia, Guatemala, Guinea, Hong Kong, Israel, Kenya, Lebanon, Liberia, Madagascar, Mauritania, Mexico, Morocco, Mozambique, Nigeria, Norway, Pakistan, Papua New Guinea, Philippines, Qatar, Senegal, Singapore, Slovenia, Spain, Sudan, Tanzania, Togo, Tunisia, Uruguay	About 70 participants at the inaugural session.	The International Association of Port Jurists has the following objectives: - To foster cooperation between the International Association of Port Jurists' members. - To promote and harmonize port legal matters on an international scale. - To contribute to an improvement of legal frameworks in which commercial ports can better operate and develop.

PIANC	Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Cameroon, Canada, Chile, China, Cyprus, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, India, Iceland, Iran, Israel, Italy, Japan, Lebanon, Luxembourg, Malaysia, Morocco, Mexico, Namibia, Netherlands, New Zealand, Norway, Papua New Guinea, Paraguay, Poland, Portugal, Romania, Senegal, Spain, South Africa, South Pacific, Sweden, Switzerland, Taiwan (Province of China), Thailand, Turkey, United Kingdom, USA, Venezuela.	570 corporations 391 life members 1505 individual members 108 student members	PIANC's object is to promote the maintenance and operation of both inland and ocean navigation by fostering progress in the design, construction, improvement, maintenance and operation of inland and maritime waterways and ports and of coastal areas for general use in industrialized as well as in less developed countries. Facilities for fisheries and sport and pleasure navigation are included in PIANC's activities.
PMAESA	Djibouti, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Somalia, South Africa, Sudan, Tanzania, Zambia, Zimbabwe	Total number of members 31, including 14 full members 17 associate members	This is a non profit-making and non political organization whose main aims and objectives are: - To improve, co-ordinate and standardize African port operations, equipment and services of ports and harbours, with a view to increasing their efficiency in relation to ships and other forms of transportation in Africa; - To improve relations with other transport organizations, sub-regionally and worldwide; - To provide a forum for its members to share each other's experiences and to exchange views on common problems facing them and how best to tackle them, and on matters of interest to all the Association's members.
PMAWCA	Angola, Benin, Cameroon, Cape Verde, Congo, Côte d'Ivoire, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Equatorial Guinea, Liberia, Mauritania, Nigeria, Senegal, Sierra Leone, Togo, Zaire	Total number of members 29, including 19 regular members and 10 associate members	The association seeks: - To offer a propitious framework for meetings and exchanges of ideas between its members; - To work towards improving the conditions of utilization and management of the ports of MINCONMAR (Ministerial Conference of West and Central African States on Maritime Transport) member countries as well as enhancing their efficiency; - To ensure, with the participation of other port authorities and partners of the governments and similar institutions, the coordination, harmonization and development of the maritime activities of the member countries; and - To establish and maintain, in accordance with the provisions of its Constitution, relations with other port authorities or associations, international organizations, governments or other institutions, for the study of matters of interest to all members of the Association.
SPPA	American Samoa, Australia, Cook Islands, Fiji, Kiribati, New Caledonia, New Zealand, Norfolk Island, Papua New Guinea, Samoa, Solomon Islands, Suva, Tahiti, Tonga, Tuvalu, Vanuatu	Total number of members 33, including 13 regular members 15 associate members 5 individuals	The objects of the Association shall be as determined from time to time by the Conference, and shall include: The promotion of regional cooperation, friendship, and understanding between member ports and port users through mutual association, the exchange of knowledge and the dissemination of information useful to port administrations; The promotion of measures to increase the efficiency and to facilitate the harmonious development of ports in the South Pacific Region.
UAPNA	Algeria, Egypt, Libyan Arab Jamahiriya, Mauritania, Morocco, Sudan, Tunisia	12 regular members exclusively	